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# A BILL FOR AN ACT

RELATING TO PURCHASES OF HEALTH AND HUMAN SERVICES.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The purpose of this Act is to amend the  
2 procurement laws relating to the purchase of health and human  
3 services to promote procurement efficiency, program success, and  
4 government accountability. This Act increases the efficiency of  
5 short-term treatment purchase of services and increases the  
6 small purchase threshold for health and human services from less  
7 than \$25,000 to less than \$100,000.

8           SECTION 2. Section 103F-404, Hawaii Revised Statutes, is  
9 amended to read as follows:

10           "~~{}~~**\$103F-404**~~{}~~ **Treatment purchase of services.** (a)  
11 Treatment services may be purchased in accordance with this  
12 section if ~~[either or both of]~~ the following circumstances ~~[are~~  
13 ~~applicable:]~~ apply:

14           ~~[(1) Such services may become necessary from time to time,~~  
15                           ~~but cannot be anticipated accurately on an annual or~~  
16                           ~~biennial basis; and~~



1       ~~(2) When deferring treatment until solicitation, provider~~  
2           ~~selection, and contract formation can be completed,~~  
3           ~~the problem needing treatment would be rendered worse~~  
4           ~~than at the time of diagnosis or assessment.~~  
5       ~~Contracts for treatment services shall be awarded on the basis~~  
6       ~~of demonstrated competence and qualification for the type of~~  
7       ~~service required, and at fair and reasonable prices.]~~

8       (1) The need for treatment services is unanticipated and  
9           arises from time to time;

10       (2) The required treatment services are for a one-time  
11           purchase of no more than \$100,000 and last no longer  
12           than one year;

13       (3) The treatment services are generally accepted  
14           practices by the industry or profession; and

15       (4) The award of a contract is based on demonstrated  
16           competence and qualification for the type of treatment  
17           service required and at fair and reasonable prices.

18       (b) ~~[At a minimum, before the beginning of each fiscal~~  
19       ~~year, the administrator]~~ The head of the purchasing agency or  
20       the purchasing agency's designee shall, at a minimum, publish a  
21       notice describing the types of treatment services that may be



1 needed throughout the fiscal year on [~~a periodic~~] an as-needed  
2 basis and inviting providers engaged in providing these  
3 treatment services to submit current statements of qualification  
4 and expressions of interest to the [~~office. The chief~~  
5 ~~procurement officer may specify a uniform format for statements~~  
6 ~~of qualifications.~~] purchasing agency. Providers may amend  
7 these statements by filing an amended or new statement prior to  
8 the date designated for submission.

9 (c) The [~~administrator~~] head of the purchasing agency or  
10 the purchasing agency's designee shall form an initial review  
11 committee for each profession, consisting of a minimum of three  
12 employees from a state agency or agencies with sufficient  
13 education, training, and licenses or credentials to evaluate the  
14 statements of qualifications [~~which~~] that the [~~administrator~~]  
15 head of the purchasing agency or the purchasing agency's  
16 designee receives in response to the notice published pursuant  
17 to subsection (b). The committee shall review and evaluate the  
18 submissions and other pertinent information, including  
19 references and reports, and prepare a list of qualified  
20 providers to provide treatment services during the fiscal year.  
21 Providers included on the list of qualified treatment providers



1 may amend their statements of qualifications as necessary or  
2 appropriate. Providers shall immediately inform the  
3 ~~[administrator]~~ head of the purchasing agency of any changes in  
4 information furnished ~~[which]~~ that would disqualify the provider  
5 from being considered for a contract award.

6 (d) When the need to purchase treatment services arises,  
7 the head of a purchasing agency shall select the provider most  
8 qualified to provide the needed treatment services from the list  
9 of qualified providers.

10 (e) The head of the purchasing agency~~[r]~~ or ~~[a]~~ the  
11 purchasing agency's designee~~[r]~~ shall negotiate a contract,  
12 including a rate of compensation ~~[which]~~ that is fair and  
13 reasonable, established in writing, and based upon the estimated  
14 value, scope, nature, and complexity of the treatment services  
15 to be rendered, or use the rate established by the  
16 ~~[administrator,r]~~ head of the purchasing agency, if any. If  
17 negotiations fail, upon written notice of an impasse to the  
18 provider selected under subsection (d), the head of the  
19 purchasing agency shall choose another provider from the list of  
20 qualified providers, and conduct further negotiations.  
21 Negotiations shall be conducted confidentially.



1 (f) Contracts for treatment services in excess of \$100,000  
2 or that last for more than one year shall ~~[be procured using~~  
3 ~~section 103F-402, competitive purchase of services, unless a~~  
4 ~~waiver of this subsection is approved by the chief procurement~~  
5 ~~officer.] utilize an alternative applicable method of~~  
6 procurement pursuant to section 103F-401."

7 SECTION 3. Section 103F-405, Hawaii Revised Statutes, is  
8 amended to read as follows:

9 "[~~+~~]**\$103F-405**[~~+~~] **Small purchases.** Purchases of health and  
10 human services of less than [~~\$25,000~~] \$100,000 are small  
11 purchases, and shall be made in accordance with [~~section 103D-~~  
12 ~~305 and~~] rules adopted by the policy board to implement [~~that~~]  
13 this section. The threshold amount for goods and services set  
14 out in section 103D-305 shall also apply to this section."

15 SECTION 4. Statutory material to be repealed is bracketed  
16 and stricken. New statutory material is underscored.

17 SECTION 5. This Act shall take effect on June 30, 3000.



# H.B. NO. 978 H.D. 1

**Report Title:**

Procurement; Treatment Purchase of Services; Small Purchase  
Threshold

**Description:**

Authorizes heads of purchasing agencies to issue requests for  
statements of qualification and to establish lists of qualified  
providers for treatment purchase of services. Increases the  
small purchase threshold for health and human services.  
Effective 6/30/3000. (HD1)

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not legislation or evidence of legislative intent.*

